



## CLEARING HOUSE SECTION

- Numbered Checks, 12.
- Book of Forms for National and State Banks, 12, 83, 259, 488, 561, 708, 805.
- Uniform Checks and Drafts, 13.
- Fresh Air Formula, 83.
- Clearing-House Examinations, 83, 420.
- Put Your Number on Blank Checks, 83.
- Annual Meeting at Boston, 198, 341.
- Transit Items and the Federal Reserve Act, 198.
- Total Bank Transactions, 259, 420, 560, 618.
- Numerical System, 259, 342, 421, 488, 561, 618, 671, 708, 746, 805.
- Clearing House Symposium at Richmond, 259.
- Endorsement Stamps, 420.
- Clearings and Transactions, 487.
- Clearing Houses and The Federal Reserve Act, 488.
- Settlement of Clearing House Balances, 488.
- Clearing House Examinations and the Federal Reserve Act, 560.
- Clearing Houses and the Federal Reserve Bank Organization Committee, 618.
- "What Bank Clearings Show," 671.
- New Transit Check Problems, 746.
- Report to Executive Council Meeting, Hot Springs, 730.
- Collection of Checks on Non-Members Federal Reserve Banks, 805.

## LEGAL DEPARTMENT—NOTES

- Collection of B/L Drafts for Interstate Shipments of Intoxicating Liquor, 23.
- Banking Customs and Banking Laws, 25.
- Notes Payable at Bank, 88.
- False Statements to Obtain Credit, 88.
- Certification of Post-dated Checks, 88.
- Overdrafts in Arkansas, 89.
- Saturday Afternoons in Ohio, 203.
- Punishment of Bank Slanderers, 203.
- Competency of Notary, 203.
- Bank Accounts of Minors, 204.
- Bills of Lading, 267, 566, 622, 677.
- Income Tax Bill, 267.
- The Uniform Stock Transfer Act, 267.
- Columbus Day, 1913, in New York and New Jersey, 268.
- The Federal Income Tax Law, 345, 424, 494.
- State Taxation of Banks, 364.
- Bills Before Congress, 565, 621, 677.
- The Negotiable Instruments Act, 622, 679.
- Railway Pay Checks, 622, 680, 752.
- Interlocking Directorates, 751, 814.

## LEGAL DEPARTMENT—OPINIONS

- Proposed Oklahoma Usury Law.—Opinion that provisions (1) making usury a misdemeanor, (2) making it a misdemeanor for original holder to sell or transfer usurious instrument, (3) prohibiting filing of mortgage or other security given for usurious loan, (4) prohibiting suit in court upon usurious contract, will not, if enacted, be applicable to national banks, 30.

Check on Blank Form of Another Bank.—In Kansas it has been held not negligent for a bank to pay a check wherein the name of the drawee has

## LEGAL DEPARTMENT—OPINIONS—Continued.

- been changed in a handwriting other than the drawer's; but the safer practice is to refuse payment of such a check until the bank receives satisfactory evidence that the alteration has been authorized, 32.
- Deposit of Minor.—Statute and decisions in Pennsylvania relative to deposits standing to the credit of a minor, 32.
- Forged Indorsement.—Bank which cashes check bearing forgery of payee's indorsement acquires no title, and where it receives payment from the drawee, must refund, 33.
- Acceptance by Telephone.—In Texas is valid; though generally throughout the country under the Negotiable Instruments Act is not binding because not in writing, 33.
- Acceptance by Wire.—Where bank receives wire "Will you pay check signed A, \$335?" and replies by wire, "A's check good for amount," opinion that reply will be held an acceptance binding the bank to pay check to bona fide holder who has purchased same on faith thereof, 33.
- Stopped Check.—Bank purchasing check from payee upon which payment afterwards stopped because of illegality of consideration, may enforce payment from drawer, if acquired without knowledge of defect in payee's title, 34.
- Bank Collection.—Mailing check direct to drawee where the only bank in the place, 34.
- Bank Collection.—Collecting bank mailing check direct to drawee and taking worthless draft in payment, 35.
- Raised Draft.—Drawee bank which pays raised draft has right of recovery of money paid—Discussion of banking practice where bank draft, bearing evidence of alteration of amount, is tendered for deposit, 35.
- Waiver of Demand, Protest and Notice.—Where provision waiving demand, protest and notice is embodied in the instrument itself, it is binding on all indorsers and dispenses with the necessity of those steps to preserve their liability, 36.
- Passing of Worthless Check.—Arkansas statute provides for punishment of every person who, with intent to defraud, obtains money or other valuable thing by false pretense, and one who fraudulently passes for value a worthless check is punishable under this statute, 36.
- Forgery of Payee's Indorsement on Certificate of Deposit.—Bank bound to know indorsement of depositor as payee, similarly as in case of signature on check, 89.
- Bank Collection.—In Mississippi, bank undertaking collection is not responsible for defaults of correspondents, if duly selected, who are not its agents but sub-agents of owner of paper, 90.

LEGAL DEPARTMENT—OPINIONS—Continued.

**Collecting Bank's Lien.**—A bank which receives a draft for collection from another bank which thereafter fails, there being nothing to indicate that the forwarding bank is not owner, has a lien upon the paper or its proceeds for a balance of account due by the failed bank, good against the real owner of the paper, 91.

**Purchase of Director's Note.**—Bank, purchasing note from one of its directors, is not chargeable with knowledge of infirmity possessed by such director, 92.

**Guaranty by Bank of Draft of A on B.**—In the absence of express authority conferred by statute, a bank has no power to guarantee to pay A's draft on B, it being a transaction in which it has no interest and from which it derives no substantial benefit, 92.

**Gift of Bank Draft Through Mail.**—Where a sister, intending to make a gift to her brother, purchases a bank draft payable to his order and mails same to him, but the brother dies before the mail is delivered, opinion that the gift was not completed for want of delivery and that the sister and not the brother's estate, is entitled to the money represented by the draft, 92.

**Payment by Check.**—Where a check to take up a note due on the 6th is received as conditional payment and the note retained until payment of the check on the 7th, opinion that stamping the note "paid on the 7th" is correct as indicating the date of actual payment, 94.

**Protest of Check on Savings Bank.**—Negotiable check issued by depositor on savings bank, payment of which is refused because of non-production of pass-book, is subject to protest, 94.

**Theft of Check Signed in Blank.**—Drawer can stop payment and is not liable to innocent purchaser if check is filled out and negotiated, 94.

**Savings Account in National Bank.**—Right of national bank to refuse payment on demand and require thirty days' notice before withdrawal of savings deposit where pass-book rules provide for such notice, 95.

**Check Payable in Kansas City Exchange.**—Where a check is payable "in Kansas City Exchange," question considered whether holder can refuse tender of exchange and protest if not paid in money, 95.

**Time of Protest.**—Where there is a valid extension of time of payment of a promissory note, the date of expiration of the extension and not the date of original maturity is the proper time of protest, 96.

**Notes Executed on Sunday.**—At common law, Sunday contracts are lawful and except in those states where, by statute, the execution and delivery of a note on Sunday is prohibited, a note dated on Sunday is valid, 96.

LEGAL DEPARTMENT—OPINIONS—Continued.

**Note Payable at Bank.**—Where A and B have a joint account in bank payable on presentation of pass-book and A makes her individual note payable at bank, opinion that bank, holding note for collection at maturity, has no right to charge same to joint account, but should protest unless funds to pay note taken out of joint account by A on presentation of pass-book or are otherwise provided by A, 96.

**Bank Set-off.**—Bank cannot set off firm's note against partner's individual account.—But in action by partner, or his assignee, for deposit, bank can plead firm indebtedness by way of counter-claim, or can recover same in independent action against partner, 97.

**Set-off by Depositor.**—Depositor in insolvent bank has right to set off his deposit against his indebtedness to the bank, whether due or not, 98.

**Set-off By Depositor.**—Upon failure of a bank a depositor has a right to set off his balance against his indebtedness to the bank whether due or not, 98.

**Cashing Check by False Pretense.**—One who without authority signs another's name to a check per his own and negotiates the check for value, is not guilty of forgery but of obtaining money by false pretense, 98.

**Obtaining Bill of Lading Under False Pretenses.**—

Where consignee obtains bill of lading and goods upon tender of check, payment of which he stops asserting freight not prepaid, at the same time retaining goods, liability to conviction depends upon proof of fraudulent intent to stop payment at time of giving of check, 99.

**Pledge of Assets by Bank.**—Right of bank to pledge assets to secure sureties on its bond given as security for deposit of public funds, 99.

**No Lien on National Bank Stock.**—National bank has no lien on its stock for indebtedness of stockholder and cannot refuse to transfer stock of deceased stockholder indebted to bank, upon sale by executor, 100.

**Bank's Statement as to Customer's Financial Condition.**—Bank, whose officer makes false statement of customer's financial condition which is relied on by one extending credit to his injury, is not liable for unauthorized act of officer, unless bank derives benefit, but officer personally liable.—Law applicable to recovery of damages for false statements reviewed, 264.

**Payment of Forged Checks.**—Non-responsibility of drawee to depositor where successive forged checks paid and returned as vouchers and no notice of forgery given for over three years.—Liability to drawee of bank receiving payment of forged checks, 206.

**Stale Check.**—Opinion that bank justified in refusing payment of check presented one year eight and one-half months after date on ground that check is "stale," 207.

## LEGAL DEPARTMENT—OPINIONS—Continued.

**Forgery of Indorsement to Note.**—Where indorsement of A is forged to note and, upon notice of dishonor, A does not assert forgery, but replies he has told maker to fix it up and after dishonor of a second note likewise forged, A for the first time asserts forgery of his indorsement to both notes, question considered whether A estopped to deny forgery in event his silence and acquiescence has prejudiced holder of notes, 208.

**Bank Collection.**—Sending check to drawee is negligent and collecting bank liable if loss results therefrom, 208.

**Circuitous Collection.**—Where a bank in Baltimore holding for collection a check on an interior city in Pennsylvania, mails same to its Pittsburgh correspondent and the latter after making the collection, defaults as to the proceeds, opinion that the routing through Pittsburgh instead of direct to an agent in the city of the drawee was not negligent, 209.

**Protest of Check on Savings Bank.**—Check on Savings Bank payable "on presentation of pass-book" is not negotiable and not subject to protest, 210.

**Wrongful Dishonor of Check.**—Where check refused payment because of clerical error and depositor is a merchant or trader, substantial damages are by most courts presumed without his proving actual damage, but where a non-trader, some courts hold he must prove actual damage to recover anything more than nominal damages, 210.

**Wrongful Negotiation of Certified Post-dated Check.**—Where a check is post-dated December 1, and certified June 1 preceding and negotiated by the payee in breach of trust four months after date of check, question considered whether (1) irregular certification put purchaser on inquiry, (2) check was overdue when negotiated, so as to deprive purchaser of status of bona fide holder, 210.

**Garnishment of Bank.**—Funds represented by outstanding negotiable certificate of deposit not subject to garnishment, 211.

**Guaranty of Payee's Indorsement to Certificate of Deposit.**—Where indorsement of payee is by another a guaratee "all prior indorsements guaranteed" would cover authority to indorse and protect payor bank, 212.

**Liability of Bank Directors.**—Fact that they receive no compensation does not relieve directors from liability for neglect of duty, 212.

**Protest of Draft Where Drawee Not Located at City Addressed.**—Where a draft is erroneously addressed to the drawee at a city where he is not located, opinion that protest of draft at place addressed is proper to preserve liability of drawer and indorser, 212.

**National Bank as Surety.**—National bank has no power to become surety on bond of county official, 212.

## LEGAL DEPARTMENT—OPINIONS—Continued.

**Chattel Mortgage Given Subsequent to Note.**—A chattel mortgage given to secure payment of a note, by the maker thereof, executed and delivered subsequent to the date and delivery of the note is valid, 213.

**Note Payable in Another State or Jurisdiction.**—Is governed by the law of the place where payable, 213.

**Pledge of Arkansas Bank Stock.**—Notwithstanding provisions of Arkansas statutes that upon transfer of stock a certificate of transfer must be deposited with county clerk, it has been decided that a pledge of stock is valid without such deposit and the statute is only applicable to transfers by way of sale, 213.

**Liability of Attorney for Negligence.**—Where attorney has specific instructions to proceed against bondsmen or, without specific instructions, is under duty to take necessary legal steps to enforce liability and negligently puts off bringing suit until claim against bondsmen becomes worthless, he becomes liable to client for damages suffered, 214.

**Sale of Collateral on Outlawed Note.**—Where a note secured by collateral is outlawed and the collateral is sold and applied towards payment of the note such credit does not revive the statute of limitations, 215.

**Joint and Joint and Several Notes.**—At common law, a note drawn "We promise," etc., signed by two or more is joint only, but "I" promise, so signed, is joint and several—By statute in some states a note joint in form is made joint and several—In absence of statute, bank desiring joint and several note should have it read "We or either of us" or "We jointly and severally" promise, 215.

**Return of Cancelled Vouchers.**—Opinion that mailing of statement with cancelled vouchers to depositor without first obtaining receipt therefor, is unsafe, 268.

**Certification of Check by Use of Letters "O. K."**—Opinion that "O. K." placed on check with signature of certifying officer constitutes a certification equally as if "good" were written, and if placed upon an overdraft, contrary to provisions of the National Bank Act, would subject officer to criminal penalty, 269.

**Married Woman as Surety in Minnesota.**—Has capacity to bind herself as surety upon note of another, and her property is liable for her debts the same as if unmarried, 270.

**Married Woman as Surety in Missouri.**—In Missouri a married woman has power to make contracts in her own name and bind herself as surety upon her husband's note, 270.

**Payment of Forged Checks.**—Drawee who pays forged checks to banks which cashed them for strangers without identification cannot charge



LEGAL DEPARTMENT—OPINIONS—Continued.

to drawer's account—Right of recovery from banks to whom paid considered with reference to decisions in Illinois, 271.

**Forgery of Payee's Indorsement on Check.**—Where check on which payee's indorsement forged is cashed by a merchant, deposited in bank and collected of drawee, latter cannot charge payment to drawer, but has right of recovery from bank receiving payment which, in turn, has recourse upon merchant, 271.

**Note Given in Renewal.**—Where new note given in renewal of old, and latter retained, weight of authority is to effect that old note is not extinguished unless intention is to accept new note in satisfaction and discharge of first, 272.

**Deposit to Credit of "A, Agent."**—Where a bank carries a deposit to the credit of "A, Agent" for certain heirs, opinion that upon death of A, his agency is revoked and deposit is payable to A's principals and not to his administrator—Rule is different where deposit is in name of "A, trustee for B," in which case it may be paid to administrator of A, except where changed by statute, 273.

**Sealed Note Secured by Mortgage.**—At common law a note of an individual under seal is not negotiable and this rule still prevails in South Carolina although in most of the States, by virtue of the Negotiable Instruments Act, negotiability is not destroyed by the addition of a seal, 274.

**Protest of Check During Banking Hours.**—A check payment of which is demanded and refused during banking hours is immediately protestable and holder not obliged to wait until close of banking hours—Question of propriety of drawee tendering payment of protested check later in day after sufficient funds deposited, 274.

**Certificate of Deposit.**—Opinion that bank should pay a negotiable certificate of deposit to bona fide indorsee of payee, although not presented until after payee's death, 274.

**Mailing Check to Drawee.**—Where bank mails a check direct to drawee in Ohio by whom the item is held ten days and then returned unpaid and unprotested because drawee has closed its doors, drawer is discharged to extent of loss caused by delay and sending bank is responsible, 275.

**Forged Check.**—Responsibility of customer introducing holder of forged check to bank, and identifying holder as payee, 275.

**Indorsement by Railroad Agent of Checks Payable to Company.**—In the absence of express or implied authority, a railroad agent cannot indorse checks payable to his company and deposit them to his personal credit and the depository bank would be liable if the agent misapplied the funds, 276.

LEGAL DEPARTMENT—OPINIONS—Continued.

**Bank's Lien on Stock.**—Section 51 of the Stock Corporation Law of New York gives a bank or other corporation a lien on its stock or right to refuse transfer while the stockholder is indebted to the bank, provided a copy of the section is printed on the certificate—Where not so printed, a lien for indebtedness created by by-law is not effectual against a purchaser of the stock for value without notice, 370.

**Check "Not Payable Through Express Company."**—When a check stamped "not payable through an express company" is presented by an express company, the drawee has a right to refuse payment, the check is not properly protestable and the drawer cannot hold the drawee liable for refusing to pay, 371.

**Collecting Bank's Lien.**—A bank which receives a note for collection from another bank, which thereafter fails, has no lien upon the paper for a balance of account due by the failed bank where the indorsement under which that bank received the note indicated that it was agent for collection and not owner, 372.

**Nature of Unpaid Dividend.**—Where a dividend has been declared, but remains unpaid, conflicting authorities reviewed showing view more generally prevailing to be (a) if dividend specially set apart or segregated, it is a trust fund, not liable for debts of corporation, and in event of insolvency unpaid stockholder is preferred to common creditor, but (b) if not specially set apart it remains property of corporation, liable for its debts and unpaid stockholders not preferred in case of insolvency. Some courts, however, hold that mere declaration constitutes a trust fund without special segregation, 372.

**Protest of B/L Draft.**—Draft with order bill of lading attached refused payment because bill of lading is not indorsed, is properly protestable, and should be protested in the absence of instructions not to protest, 374.

**Restrictions on Loan to Bank Officer or Director.**—Opinion that Section 12 of New Jersey Banking Act which prohibits a bank from making a loan to an officer or director or clerk until certain requirements are complied with might be construed to apply to a loan to an executor, trustee or receiver who is an officer or director but not to a loan to a corporation of which a director or officer of the bank was an officer unless, in reality, the officer was chief beneficiary of such loan, 375.

**Payment of Check Where Payee's Indorsement by Unwitnessed Mark.**—In absence of express guaranty of indorsement, drawee bank may safely pay to responsible owner who would be liable to refund if indorsement forged or unauthorized, 376.

**Protest of Check.**—Formal protest as distinguished from demand and notice of dishonor, not required to hold indorser unless instrument is foreign bill of exchange, 376.

## LEGAL DEPARTMENT—OPINIONS—Continued.

**Protest of Non-Negotiable Counter Check.**—Where a check payable to "John Smith or bearer" has stamped across its face "Non-Negotiable Counter Check" opinion that bank's refusal to pay when presented through Clearing House by an indorsee of the payee was justified and that check not properly protestable, 376.

**Cashier's Testimony as to Customer's Balance.**—

In a proper legal proceeding against a customer, the bank's officer can be compelled to state the amount of his balance, the information not being privileged in a legal sense—Case differentiated from those where wholesale disclosure of all depositors' balances is sought for tax purposes, wherein right to compel disclosure has been denied, 431.

**Slander of Bank.**—Person uttering false and derogatory statement that bank has closed may be prosecuted under "derogatory statement" act—Bank also can maintain action for slander, 432.

**Twenty-four Hours for Acceptance.**—Rule allowing drawer twenty-four hours to decide whether to accept, not applicable to checks or demand drafts, but only to drafts legally presentable for acceptance, 432.

**Wrongful Dishonor of Check.**—Recent decisions upon the subject of liability of a bank for wrongfully dishonoring its customer's check, 433.

**Failure of Collecting Bank.**—Where check on Louisiana, deposited in Mississippi bank for collection is forwarded to a Louisiana bank, which forwards to a second Louisiana bank, which latter collects from the drawee and then fails, opinion that under the law of Mississippi depositor cannot hold Mississippi bank liable but must look to first Louisiana bank which, under law of that State, is liable for default of its correspondent—If, however, Mississippi bank became owner of check at time of deposit, amount cannot be charged to depositor and bank itself must look to first Louisiana bank, 433.

**Revocation of Check by Death.**—Under the Negotiable Instruments Act a check is not an assignment and death of the drawer revokes the authority of the bank to pay his outstanding checks, in the absence of a special statute authorizing the bank to pay within a limited period after death, 434.

**Revocation of Check by Death.**—Death of the drawer operates as a revocation of the authority of the bank to pay his check, 434.

**Revocation of Check by Death.**—In South Carolina, where rule prevails that check is an assignment, a check is payable by a bank to a bona-fide holder notwithstanding death of the drawer before its presentation for payment, 434.

**Bank Set-off.**—Bank has right to appropriate deposit to payment of depositor's matured indebtedness, but in California, if note is secured by

## LEGAL DEPARTMENT—OPINIONS—Continued.

mortgage of real or personal property, bank cannot apply deposit until security exhausted, 434.

**Assignment of Bank Account.**—A deposit account in a national bank or a trust company may be assigned by the depositor like any other debt or chose in action, and the assignment is binding upon the bank when notified thereof, 435.

**Necessity of Protest and Right to Fee.**—Where the payees send a note to the bank where payable for collection and the bank causes the note to be protested, it is doubtful if the bank is entitled to the amount expended for protest fee, as in an action on the note by payees against maker, it is not necessary to prove demand and the certificate of protest would have no utility as an item of evidence, 436.

**Recovery of Money Paid on Forged Signature.**—Where drawee pays check bearing forged signature to a holder who has received same in due course, without fraud or negligence, it cannot afterwards recover the money paid—Question of right of recovery not affected by Forged and Raised Check Statute of Oregon, 437.

**Liability of Bank to Depositor for Payment of Forged Check.**—Statute in South Dakota relieves bank from liability to depositor for payment of forged check unless depositor notifies bank of forgery within three months after return to him of forged check as a voucher, 437.

**Defective Indorsement of Payee Upon Check.**—Where the indorsement of the payee upon a check is defective, the drawee is not obliged to pay upon guaranty of the indorsement, 438.

**Protest of Check.**—Where a check appears on its face to be both drawn and payable in South Dakota, protest is not required by the Negotiable Instruments Act, although the check is issued and negotiated in another State, 438.

**Rights of Purchaser of Stopped Check.**—Bank which purchases a check from the payee in regular course of business is a holder in due course and can recover the amount and protest fees from the drawer where payment has been stopped, 438.

**Forgery of Payee's Indorsement on Certificate of Deposit.**—Bank bound to know indorsement of depositor as payee, similarly as in case of signature on check, and cannot recover money paid to bona fide holder on forgery thereof—But this rule, based on and limited to cases where bank keeps a file of signatures of depositors to whom certificates issued and where signature not kept, rule would not apply and money paid on forged indorsement would be recoverable, 501.

**Right of Surety to Plead Usury.**—Where a National bank makes a loan to A upon his note, which is signed by B as surety and the transaction is usurious, the surety may defend on the

LEGAL DEPARTMENT—OPINIONS—Continued.

ground of usury to the same extent as the principal debtor, 503.

**Indorsement "For Identification Only."**—Where indorsement of payee of check is forged and subsequent holder indorses and procures cash from purchasing bank upon faith of an indorsement by customer of bank "for identification only," opinion that indorser for identification warrants not only that indorser is the person he represents himself to be, but also that he is the bona fide indorsee with good title—Further question discussed as to probability of establishing genuineness of payee's indorsement, 503.

**Federal Jurisdiction in Bank Cases.**—United States courts had jurisdiction in cases brought by and against Second United States Bank but not in cases by and against First United States Bank—Jurisdiction of United States courts in cases in which National banks are parties, 504.

**Attachment of Contents of Safe Deposit Box.**—The contents of a safe deposit box belonging to a box renter are subject to attachment, and according to the weight of more recent authority, the bank may also be garnished for such contents, 505.

**Depositor's Note Payable at Bank.**—Under Negotiable Instruments Act, except where modified in certain States, it is the duty of a bank whose depositor has made his note payable at the bank, to pay the same at maturity, the funds being sufficient, although there is no other express instruction from the depositor to pay, 506.

**School District Warrant.**—Not negotiable and not subject to protest, 507.

**Set-off Unmatured Note Against Decedent's Account.**—In Pennsylvania, bank may charge note to account of maker though note does not become due for several days after his decease, provided his estate is solvent; but right of set-off does not exist if estate insolvent, 508.

**Set-off by Depositor Against Insolvent Bank.**—Maker of unmatured note has right to set-off note against deposit in insolvent bank—Questionable whether indorser can have note set off against his deposit in insolvent bank unless maker insolvent; except where indorser is accommodated party and the real debtor, he has been held entitled to set off on equitable grounds, 508.

**Cashier Buying His Own Note for Bank.**—Where a cashier gave his own note for a personal indebtedness and then used the bank's funds to buy the note containing guaranty of payment by payee, questions considered (1) liability of payee as constructive trustee receiving funds misappropriated from bank; (2) alternative liability of payee as guarantor, 509.

**Liability of Collecting Bank.**—In New Jersey, collecting bank liable for default of correspondent, 511.

LEGAL DEPARTMENT—OPINIONS—Continued.

**Recovery of Money Paid on Forged Indorsement.**—Effect on drawee's right of recovery of (1) delay in discovering forgery, (2) delay in giving notice of forgery after discovery, 512.

**Payment of Stopped Check on Forged Indorsement.**—Question considered whether drawee's ordinary right of recovery of money paid on forged indorsement affected by fact that payment was made after drawer had stopped payment—Effect of special fact that indorsement expressly guaranteed, 514.

**Overdrawn Letter of Credit.**—Illustration of a form of fraud in which, after certain drafts not drawn against letter of credit are negotiated and paid on the supposition that they are so drawn, the letter is drawn against to full amount—Where the loss falls in particular case and how bank may protect itself against such frauds, 513.

**Usury Laws of Oklahoma.**—Apply equally to individuals and to firms and corporations, but in the case of national banks, the penalty for usury is provided by the national and not the state law, 514.

**Waiver of Protest.**—The Negotiable Instruments Act provides that a waiver of protest is a waiver of presentment and notice of dishonor as well as of formal protest, 515.

**Set-off Against Bankrupt Depositor.**—The deposit balance of a customer who has gone into bankruptcy may be set off against his indebtedness to the bank whether due or not provided his deposits have been received in usual course subject to check and not in view of his insolvency with an intention to make a preferential appropriation in reduction of his indebtedness, 515.

**Set-off Against Insolvent Depositor.**—Bank can apply deposit against customer's matured note and in case of his bankruptcy can set off deposit against bankrupt's indebtedness to it, matured or unmatured, proving claim against estate for balance, 515.

**Certification of Forged Check and Limited Certification.**—Respective rights and liabilities of parties in case of an outstanding certified check claimed by drawer to be a forgery—Utility and legal effect of form of certification "good if presented within five days" and rights of holder where check not presented within five-day period, 516.

**Slander of Bank.**—Slander or oral defamation is not a crime at common law and a person uttering derogatory and untrue statements affecting the solvency of a bank cannot be punished criminally in the absence of a statute making such offense a crime—The "Derogatory Statement" act drafted on behalf of this Association has been enacted in a number of States, but not, as yet, in Tennessee, 517.

**Loan to Bank on Cashier's Personal Note with Collateral.**—Question considered whether bank lia-

## LEGAL DEPARTMENT—OPINIONS—Continued.

ble on personal note of cashier where proceeds placed to its credit—Where collateral consists of notes with payee blank unfilled, lender bank is put on inquiry and takes subject to makers' defenses, 577.

**Payment of Decedent's Deposit.**—Death of a depositor revokes his outstanding checks and all authority to others to draw checks upon his account—But by statute in California, not exceeding \$500 of a decedent's deposit may be paid to surviving wife or husband upon affidavit, 578.

**Certification Over Telephone.**—Oral promise over telephone or otherwise by a drawee of check to pay same not binding because acceptance must be in writing—Nor can bank in absence of fraud be held liable to holder who has cashed check on faith of promise on equitable principle of estoppel, as this principle inapplicable in face of positive statutory requirement of written acceptance, 623.

**When Is Certificate of Deposit Outlawed?**—Weight of authority (a few cases contrary) to effect that certificate "payable on return properly indorsed" not due until demanded and statute of limitations begins to run only from time of demand—Where certificate "payable on return properly indorsed one year from date" some courts apply the same rule that statute does not begin to run until demand of payment thereafter made, while other courts hold certificate is due and payable at time specified and statute then begins to run, 624.

**Payment of Overdraft.**—Question of recourse of bank which pays overdrawn check on itself, or credits to account of another depositor—Right to charge back unpaid check on another bank, 625.

**Chattel Mortgage to Secure "Other Indebtedness."**—In absence of statute requiring specific amount secured to be stated in chattel mortgage, weight of authority to effect that provision in mortgage covering future advances is valid and enforceable—Where statute (as in Kansas) requires filing of affidavit upon renewal stating amount due, question whether additional advances thereafter made would be protected against subsequent incumbrancers, 626.

**Bank Set-off.**—Upon death of depositor bank has right to set off past due notes against his account—Decisions conflict as to right of set-off where notes not matured, 627.

**Stop Payment of Note Payable at Bank.**—Note payable at bank constitutes an order to bank to pay same for account of maker, but payment should be refused where maker instructs bank not to pay, 628.

**Collection of Checks on Failed Bank.**—Where deposited checks are forwarded direct to drawee, the only bank in place, and remitted for by draft not honored because of drawer's failure, draft

## LEGAL DEPARTMENT—OPINIONS—Continued.

is not a preferred claim against assets—Question of loss as between bank of deposit and depositors of checks, 628.

**Rights of Purchaser for Value of Check.**—A holder in due course of a cashier's check, purchased from the payee under proper indorsement, can enforce same against drawer free from equities against payee—Innocent purchaser of stopped check may enforce against drawer, 629.

**Protest of Improperly Indorsed Check.**—Where a check is presented bearing improper or defective indorsement of payee and refused payment for that reason, there is no due presentment and no dishonor which justifies protest—Question considered whether check payable to "Will Jones, Guardian of Elsie Smith," indorsed merely "Will Jones," is properly indorsed, 629.

**Stipulation for Attorney's Fee.**—Negotiable Instruments Act makes note negotiable although it is payable "with costs of collection or an attorney's fee in case payment shall not be made at maturity"—Opinion that note containing clause promising to pay "as collection fees, the additional sum of 10 per centum of principal then due, if collection be made through attorney" is negotiable under Act, 630.

**Attorney's Fee Clause.**—Note containing clause providing for the payment of attorney's fee in case payment not made at maturity valid in Missouri and negotiable under provisions of Negotiable Instruments Act, 630.

**Purchase of Raised Check.**—Where check has been raised and bears evidence of alteration on its face it is doubtful whether, under provisions of Negotiable Instruments Act, purchaser can recover from drawer amount for which check originally drawn, 631.

**Draft Payable "with New York Exchange."**—Opinion that instrument calls for payment in money of face amount plus cost of exchange on New York and collecting bank not obliged to accept payor's draft on New York, 631.

**Stopping Payment of Certified Check.**—Where check has been certified for payee and drawer afterwards requests bank to refuse payment, some cases hold (a) bank liable on check even to fraudulent payee, while others hold (b) bank not liable to payee who has received check through fraud or without consideration or where drawer has set-off against payee—Bank liable on its certified check in any event to an innocent purchaser for value, 630.

**Payment of Full Amount Before Due Not Usurious.**—It is not usury to receive payment before maturity of the full amount due at maturity upon note discounted at, or carrying, highest legal rate of interest, 631.

**Compound Interest Stipulation in Note.**—Where a note provides that unpaid interest shall bear interest, some courts hold contract (1) usurious;



LEGAL DEPARTMENT—OPINIONS—Continued.

more hold such provision (2) invalid and unenforceable as contrary to public policy, while a few courts hold such provision (3) valid and enforceable—Question not decided in Kansas—Agreement made after interest is due, to pay interest thereon, is valid, 682.

Interest Clause in Note.—Where a three-year note contains a provision "with interest from date at the rate of 6 per cent. per annum" the interest is not collectible annually, as no part of the interest is due until maturity of principal, 683.

Compound Interest Provision in Note.—Note bearing highest rate of interest with provision that unpaid overdue interest shall bear interest not usurious in Mississippi, 683.

Set-off Against Bankrupt's Deposit.—Deposits made in usual course subject to check within four months of bankruptcy, may be set off against bankrupt's notes whether due or not, but otherwise if deposits made in view of insolvency with intent to give preference—Doubtful whether wages to salesmen preferred in payment by bankrupt act would include salary to incorporated State bank which acted as sales agent for bankrupt, 683.

Bond of Indemnity for Lost Stock Certificate.—Corporation cannot enforce by-law which requires surety company, as distinguished from individual, bond before issuing duplicate for lost certificate—Character and sufficiency of bond is for court to determine if parties cannot agree, 684.

Theft of Unsigned Bank Currency.—Public protected in event unsigned national bank notes or notes bearing forged signature are lost or stolen and put in circulation, 684.

Liability of Collecting Bank for Default of Correspondent.—In Pennsylvania, collecting bank not liable for correspondent's default if duly selected, 685.

Ambiguous Check.—Where check is drawn for written amount of eighty dollars, but the marginal figures are "\$8.00" and the words "Not over ten dollars" are stamped thereon and instrument is negotiated for eighty dollars and that amount paid by drawee, questions considered whether (1) drawee can charge full amount to drawer's account and if not (2) whether excess is recoverable from bank receiving payment, 685.

Bank Collection.—Sending direct to drawee is negligent and sending bank liable for resultant loss, 686.

Negotiable Instruments Act.—Questions under act as to liability of parties, notice of dishonor, protest and waiver, 687.

Statute Requiring Publication by Banks of Unclaimed Deposits.—State probably without power to require national banks to publish a report of their dormant accounts—Question con-

LEGAL DEPARTMENT—OPINIONS—Continued.

sidered as to validity of such statutory requirement in case of State banks, 753.

Privilege Tax on National Banks.—Neither the State nor its municipalities can impose a license or privilege tax upon National banks, 755.

The "Paid" Stamp.—Propriety of bank receiving payment of check stamping same "paid" where drawee objects, 755.

Necessity of Indorsement.—Check indorsed in blank does not require indorsement by each successive holder—Necessity of indorsement by payee as a pre-requisite of payment, 755.

Stopping Payment of Certified Check.—Drawer whose check has been certified cannot stop payment as matter of right, but where drawer has been defrauded bank may, in some cases, comply with drawer's request and refuse payment upon receiving proper indemnity against ultimately being compelled to pay holder, 756.

Bank Set-off.—Right of bank owning note of customer maturing on day writ of garnishment is served, to set off deposit against note and make reply that bank is not indebted, 756.

Joint Note.—A note written "We promise to pay" is joint only, in the absence of a statute making it joint and several and all the makers must be joined in an action thereon, but each maker is liable for the full amount, 756.

Liability of Bank to Customer for Dishonoring Check.—Question considered whether refusal to pay check written for "two dollars," but containing marginal figures "\$200," the credit balance being \$190, would make bank responsible to customer in action for injury to credit, 757.

Statute of Limitations on Demand Note.—In Louisiana, prescription runs from date of note and not from demand, such being the rule in most other States, and note is outlawed unless action is brought within five years from date, 757.

Married Woman's Note.—In Pennsylvania, married woman can bind herself on note executed for her own benefit, but not as accommodation maker for another, 758.

Check Dated on Sunday or Holiday.—Validity of check or note dated on Sunday or holiday considered with reference to law of South Dakota, 758.

Computation of Time.—Under law merchant and Negotiable Instruments Act, in computing the time an instrument has to run, the day of the date is excluded, 759.

Attorney's Fee Note.—In Ohio, stipulations in promissory notes providing for attorney's fees are against public policy, void and unenforceable, and the Supreme Court of Ohio has held that the provision of the Negotiable Instruments Act that such stipulations do not affect negotiability, does not make them valid, 759.

## LEGAL DEPARTMENT—OPINIONS—Continued.

**Competency of Notary.**—Notary who is stockholder of bank probably incompetent, in Mississippi, to take acknowledgment of deed of trust wherein bank is beneficiary, but not incompetent where bank is grantor of a deed.—In case where notary is officer, but has no stock interest, competency probably not affected, 760.

**Forged Indorsement of Check.**—Bank paying check on forgery of payee's indorsement cannot charge to drawer, but can recover from person receiving payment.—Question of effect of drawer's carelessness in issuing check, 760.

**Note Payable "with Exchange."**—Where a note is drawn and made payable at the same place "with exchange," without designating that the exchange is on another place, such words are meaningless and no exchange charges are collectible from the payor, 761.

**Payment of Savings Deposit on Presentation of Pass-book with Forged Order.**—Bank not absolutely protected by rules requiring notice of loss and discharging it where payment is made on presentation of book, but is under duty to exercise reasonable care, 761.

**Forged Countersignature on Lost Traveler's Check.**—Where traveler's check is issued to H, who loses it and his countersignature is forged, purchaser has no recourse upon issuing bank.—Where check paid on forgery of countersignature, true owner may recover from issuing bank.—Liability of local selling bank discussed, 816.

**Forgery Against Lost Letter of Credit.**—Bank purchasing forged draft against lost letter of credit is the loser unless draft paid by drawee, in which case latter probably bound by payment, 817.

**Imprint of United States Flag on Bank's Statement Folder.**—Federal statutes do not prohibit imprint of likeness of United States flag on bank's statement folder.—New York statute examined and opinion given that such use not prohibited by act, but with suggestion that District Attorney of County be consulted, 817.

**Inland Bill of Exchange.**—Check drawn and payable in same State is an inland and not a foreign bill, although payee is located elsewhere, 818.

**Bank Set-off.**—Under the law of New York, bank holding unmatured notes of depositor who has made an assignment cannot set off deposit against notes.—Rule in Federal Courts and under Bankruptcy Act allows set-off, 818.

**Application of Maker's Deposit in Interest of Indorser.**—Where, at maturity of a note, the maker has on deposit with the bank a sum less than the amount of the note, a majority of the courts hold that the bank is not obliged to apply the maker's deposit towards partial satisfaction of the note in the interest of the indorser, 818.

## LEGAL DEPARTMENT—OPINIONS—Continued.

**Elevator Storage Ticket Issued Without Goods.**—Elevator company not liable on such ticket where issued to fictitious person by agent who, after indorsing fictitious name and his own name, negotiates to a purchaser for value, 819.

**Certified Check.**—Where a check is certified for drawer and delivered to B, a fraudulent holder, who negotiates it for value to D, certifying bank must pay to D, who is a holder in due course, notwithstanding B has procured check from drawer by fraud, 820.

**Sending Check Direct to Drawee.**—A collecting bank which sends a check direct to the drawee for payment does not use due diligence and is liable for any loss resulting, 820.

**Usury Law of Tennessee.**—Usurious interest paid on loan is first applied to principal and legal interest, and until such debt is paid, claim for usury does not arise and action is barred in two years.—No statute in Tennessee forbidding corporation from pleading usury, 820.

**Renunciation by Heir of Interest in Estate Procured by Fraud.**—Opinion that a court of equity would revoke renunciation and enable heir to claim her share of estate.—Montana statute of succession, 821.

**Indorsement "only for Exchange of Draft to Order of John Doe."**—Character of indorsement, whether restrictive or conditional, discussed.—Drawee bank safe in paying check so indorsed, especially where indorsement guaranteed, 821.

**Customer's Care of Check-book.**—Where customer carelessly leaves his check-book lying around the office, accessible to clerks and a blank check is stolen and forged and paid by the bank, the latter is responsible to its customer for money paid on his forged signature and the carelessness of the customer is not such negligence as will charge him with responsibility, 822.

**Corporation Tax on Bank Shares.**—Decisions that bank paying State tax on its shares cannot deduct same from gross income under Corporation Tax Act of 1909, and where such deduction has been made in previous years liability exists to pay additional tax on such amounts, on amended return made by Commissioner of Internal Revenue, 822.

**Check to Impersonator.**—Where savings bank receives by mail from an impostor a depositor's book and forged order and mails to the impostor a check payable to its depositor, which the impostor indorses to a bank which collects and pays the proceeds to the impostor, questions considered (1) whether check indorsed by precise person intended by drawer to receive payment; (2) whether drawer chargeable by reason of negligence; (3) whether collecting bank appeared as agent so as to escape liability after payment of proceeds to impostor, 823.

# LIBRARY AND REFERENCE DEPARTMENT.

Advertising—Reference to books and pamphlets on bank and financial advertising, 21.  
Pamphlets for distribution on currency and miscellaneous subjects, 87.  
Utility of Library Collection, 202.  
New Government publications, 202.  
Savings Deposits—Material on, 492.  
Income Tax literature, 493.  
Guaranty of Bank Deposits—Material on, 564.  
—Reference to articles on, 675.  
"Credit"—Books and Material on, 675.  
Foreign Exchange—Reference to books on, 675.  
Commercial Paper—Reference to articles on, 675.  
Blue Sky Laws—General Articles in Banking Periodicals, 812.

# MORTUARY RECORD OF MEMBERS

## In JOURNAL for—

July, 1913, 13	Jan., 1914, 482
Aug., 1913, 78	Feb., 1914, 559
Sept., 1913, 216	Mar., 1914, 646
Oct., 1913, 253	April, 1914, 676
Nov., 1913, 337	May, 1914, 740
Dec., 1913, 421	June, 1914, 813

# PROTECTIVE DEPARTMENT

## Current information as to Operations of Criminals—JOURNALS for—

July, 1913, 37	Jan., 1914, 516
Aug., 1913, 101	Feb., 1914, 579
Sept., 1913, 217	Mar., 1914, 633
Oct., 1913, 277	April, 1914, 688
Nov., 1913, 377	May, 1914, 764
Dec., 1913, 439	June, 1914, 825

## Statistics of Work of Protective Department—

Sept. 1, 1912, to June 30, 1913,	48
Sept. 1, 1912, to July 31, 1913,	110
Sept. 1, 1912, to Aug. 31, 1913,	228
Sept. 1, 1913, to Sept. 30, 1913,	288
Sept. 1, 1913, to Oct. 31, 1913,	389
Sept. 1, 1913, to Nov. 30, 1913,	449
Sept. 1, 1913, to Dec. 31, 1913,	529
Sept. 1, 1913, to Jan. 1, 1914,	590
Sept. 1, 1913, to Feb. 28, 1914,	645
Sept. 1, 1913, to Mar. 31, 1914,	697
Sept. 1, 1913, to April 30, 1914,	775
Sept. 1, 1913, to May 31, 1914,	838

# SAVINGS BANK SECTION

The Banker's Opportunity as an Educator, 10.  
Annual Meeting, Savings Bank Section, Boston, 195, 338.  
The School Savings System—The Practical in Education, 81.  
New York again Co-operates, 82.  
Pamphlets for Members of Savings Bank Section, 82, 258, 340, 486, 554, 708.  
Savings Departments in National Banks, 195.  
Postal Savings Bill Demanding the Attention of Savings Bank Men, 257.  
Savings Department Clause in Currency Bill, 257.

# SAVINGS BANK SECTION—Continued.

Book on "Thrift Talks Containing Publicity Points for Banks," 258, 340, 486, 610.  
Approval Worth Having, 253.  
Savings Banks and Income Tax, 338.  
Vice-presidents of the Savings Bank Section, 418.  
Campaign of Education in Thrift, 418.  
New York's Problem, 483.  
Unlimited Deposits in Postal Savings Banks Threatened, 557.  
Interlocking Directorates Legislation—Effect on Mutual Savings Banks, 558, 617.  
Educational Series on Value of Service Rendered by Savings Banks, 616.  
Are the Thrift Talks Published in Your Town? 617.  
Clinton T. Rose, decease, 617.  
Motion Play, "The Reward of Thrift"—Vitagraph Company of America, 669.  
Thrift Play has Initial Exhibition at Trust Companies' Banquet, 744.  
How motion play may be utilized, 803.  
Postal Savings Legislation, 669, 804.  
Real Thrift Work by Bankers, 670.  
Executive Committee Meeting, Hot Springs, 670, 744.  
School Savings Banks growing in Chicago, 803.  
Thrift Co-operation in Arkansas, 804.

# STATE SECRETARIES SECTION

## Conventions, Officers, Protective Work, etc., of State Bankers' Associations, reported in JOURNAL for—

July, 1913, 14	Jan., 1914, 489
Aug., 1913, 84	Feb., 1914, 562
Sept., 1913, 199	Mar., 1914, 619
Oct., 1913, 260	April, 1914, 672
Nov., 1913, 343	May, 1914, 747
Dec., 1913, 422	June, 1914, 806

Third Annual Conference of Association Committees on Agricultural Development, 200.

# TRUST COMPANY SECTION

Meetings of Executive Officers, 8, 79.  
Nation's Wealth and Trust Companies, 8.  
Proceedings for Sale, 9, 194, 258.  
The Trust Company as a Custodian, 79.  
Program of Boston Convention, 179, 193, 256.  
Diversified Trust Company Services, 193.  
"Trust Company Forms," 9, 194, 258.  
Annual Meeting, 336.  
Committee on Income Tax, 336.  
Realignment of Membership under new Constitution, 417.  
List of State Vice-presidents, 417.  
Federal Reserve Act, 481.  
Books for Trust Companies, 481, 556.  
The Cleveland Foundation, 555.  
Spring Meeting of Executive Committee, 615, 668, 802.  
Fourth Annual Banquet, 668, 742.  
Report of Trust Company Section to Executive Council, 730, 742.  
Report of Committee on Protective Laws, 742.